

New Hampshire
 Department of Agriculture,
 Markets & Food

Shawn N. Jasper, Commissioner

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July 25, 2023

His Excellency, Governor Christopher T. Sununu
 and the Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the New Hampshire Department of Agriculture, Markets & Food, Animal Industry to **retroactively** accept and expend \$26,392 from the U.S. Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS) for the purpose of conducting Surveillance and Response for Animal Health Activities, effective upon Governor and Council approval for the period of July 1, 2023 through June 30, 2024. **100% Federal Funds**

Funds will be budgeted for FY 2024 as follows:

02-018-018-182010-27440000 Animal Health Monitoring System		FY 2024	FY 2024	FY 2024
Class/Object	Class Title	Current Authorized	Requested Action	Adjusted Authorized
Revenue				
000-402995-16	Federal Funds	(\$4)	(\$26,392)	(\$26,396)
	Total Revenue	(\$4)	(\$26,392)	(\$26,396)
Expense				
020-500239	Current Expenses	\$1	\$7,830	\$7,831
030-500301	Equipment	\$0	\$500	\$500
040-500800	Indirect Cost	\$1	\$0	\$1
050-500109	Personal Service Temp Appoint	\$0	\$7,983	\$7,983
066-501709	Training	\$0	\$3,544	\$3,544
070-500705	In-State Travel	\$1	\$3,536	\$3,537
080-500719	Out of State Travel	\$1	\$2,999	\$3,000
	Total Expense	\$4	\$26,392	\$26,396

EXPLANATION

This request is **retroactive** because the timing of the state budget process and the USDA cooperative agreement application process overlapped, and the Department of Agriculture Markets and Food, Division of Animal Industry (division) has already applied for and received a USDA cooperative agreement that extends through March 2024. This program was budgeted in Fiscal Year 2023 with federal funds, but the budget for this program in Fiscal Year 2024 does not include federal funding.

As part of the biennial budget process that began in late 2022, the division proposed an increase in State funds to supplant the federal cooperative agreement funds. This would allow the State to continue its work without reliance on or navigation of the cooperative agreement process. The requested State funds were included as a new line in the biennial budget request. Neither wanting to presume State funds would be authorized nor to leave the division without funds to support its livestock and poultry work, the division completed the cooperative agreement application and receipt process while the Legislature considered the biennial budget proposal. Cooperative agreement funds were received in April 2023, while the proposed state budget was still under consideration.

Moving away from cooperative agreements is not a new consideration for the division...

- USDA offers state animal health offices 2 different cooperative agreement types. The division has expressed the desire – to USDA and department leadership – to get out of dealing with cooperative agreements altogether for several years.
- The cooperative agreement application process is complex, with multiple layers of review and response required. There are thousands of dollars in department staff time required to apply for and receive a cooperative agreement. Mandatory reporting adds to the administrative expense borne by the department across the year.
- In 2007, the division received over \$70,000 in cooperative agreement funds. This amount has been consistently reduced by USDA to the current \$38,000. Recent requests to increase funding have been denied by USDA.
- States are required to submit proposed cooperative agreement plans regarding the amount and type of work that will be conducted. Based on the application, review, and funding processes at USDA, this can require the state to make assumptions up to 24-months ahead. Beyond the dramatic reduction in funds provided, USDA recently implemented prohibitions on the flexibility to move funds within the plan to cover related-but-unanticipated work further reducing the value of the cooperative agreement.
- Indirect cost deductions and mandatory quarterly reporting further cut into the funds available to use for the proposed work.
- All of these together have diminished the value and appeal of cooperative agreements to the point of backing away from these funds if possible. The new State line item to cover this work moves the department very far ahead in terms of time saved, indirect costs saved, etc.

Going forward, as long as these State funds are included in the budget, the division will not be applying for cooperative agreements. Regarding that approach, USDA's response was that, "...it can be done with no impact to NH".

The request for retroactive authority to accept and expend the cooperative agreement funds this year is based on the fact that the division has already completed the application process as well as put together a draft first quarter summary report that is waiting to be submitted to USDA. Much, though certainly not all, of the time and expense associated with the cooperative agreement process for this year has already been incurred. As such, it seems appropriate to use the cooperative agreement funds provided for this year.

As mentioned, the division will not be applying for future cooperative agreement funds as long as State funds are budgeted to cover this work.

Funds are budgeted as follows:

Class 020 – Current Expense – \$7,830 to cover the Laboratory Services

Class 030 – Equipment - \$500 purchase equipment that will be used in the field

Class 050 – Personal Service Temp Appoint – \$7,983 to cover the cost of current state employees who work closely with the Animal Health Monitoring. This request is not associated with a new position.

Class 066 – Training - \$3,544 to attend training provided by University of New Hampshire

Class 070 – In-State Travel - \$3,536 fuel for state vehicles as employees travel through out the state

Class 080 – Out of State Travel - \$2,999 to attend seminars related to this program

Fringe Benefits are considered an in-kind match therefore no class 42 Additional Fringe Benefits and Class 60 Benefits is budgeted.

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Shawn N. Jasper
Commissioner

Department of Agriculture

GRANTS FISCAL SITUATION FISCAL YEAR 2024

02-018-018-182010-27440000 Animal Health Monitoring System

Total Federal Authorization	\$ 38,236
Less Expenditures thru 6/30/2023	<u>\$ 11,840</u>
Remaining Authorization to Budget	\$ 26,396
Less Current FY24 Budget Authorization	<u>\$ 4</u>
Total Available for Budgeting	\$ 26,392
Available to Budget at a Later Date	<u>\$ 0</u>
REQUESTED ACTION	\$ 26,392

<u>Grant Award Number</u>	<u>Award Amount</u>	<u>Expenses to 6/30/23</u>	<u>Balance</u>
AP23VSSSPRS00C049	\$38,236.00	\$11,840	\$ 26,396

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RECIPIENT:

GEOGRAPHIC LOCATION: New Hampshire

AGREEMENT TYPE: Animal Health Umbrella Cooperative Agreement

PERIOD OF PERFORMANCE: 4/1/23-3/31/24

AVIAN	CATTLE	ONE HEALTH	SGCE	SWINE	TOTAL
\$23,282	\$6,000	\$6,765	\$1,350	\$839	\$38,236

This Work Plan reflects a cooperative relationship between the *New Hampshire Department of Agriculture, Markets, & Food*, (the Recipient) and the United States Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS), Veterinary Services (VS). It outlines the mission-related goals, objectives, and anticipated objectives as well as the approach for conducting National Surveillance and Response for Animal Health Activities and the related roles and responsibilities of the parties (e.g. mutual roles, VS role(s), and Recipient role as negotiated).

Need for Assistance: Federal financial assistance is requested by the Recipient so we can accomplish the mutual objectives outlined in the Work Plan tab that could not be accomplished with State resources alone.

Approach: For details regarding the approach, please see the Work Plan tab.

Results Expected: Meet the needs for surveillance, preparedness, response, and outreach necessary to protect American agriculture and accomplish VS mission goals.

Recipient Contribution: Operational expenses for the positions funded with this Cooperative Agreement which includes office space, computers, other IT resources, cell phones, vehicles, and many other costs associated with an employee will be borne by the Recipient. Surveillance not specifically identified within this Work Plan is the responsibility of the Recipient.

Roles and Responsibilities: VS Program Manager and Recipient will determine responsibilities of each party throughout the Agreement period to achieve the goals of this Work Plan. VS Program Manager will provide oversight to ensure the goals of this agreement are met.

*Note: These statements have been provided to meet the Work Plan Guidance requirements (edit as needed). Please remove t